

# The SCAG Region Economy

The Growth Forecast Story and  
Implications for Policy

# Overview of Growth Forecast

- Over the next 30 years the SCAG region is projected to add
  - 3 million jobs
  - 6 million residents
  - 2 million households
- The number of jobs and residents is projected to increase by 1/3 between 2005 and 2035

# What do These Projections Mean?

- We say that the region “is projected to grow”, not that the region “will grow” because the projected growth requires success in implementing policies.
- Roughly 75% of this growth will occur if the region matches the U.S. growth rate. The other 25% of projected growth is the result of expecting the region to outpace the nation in job growth
- But the region could grow more slowly if economic competitiveness lags

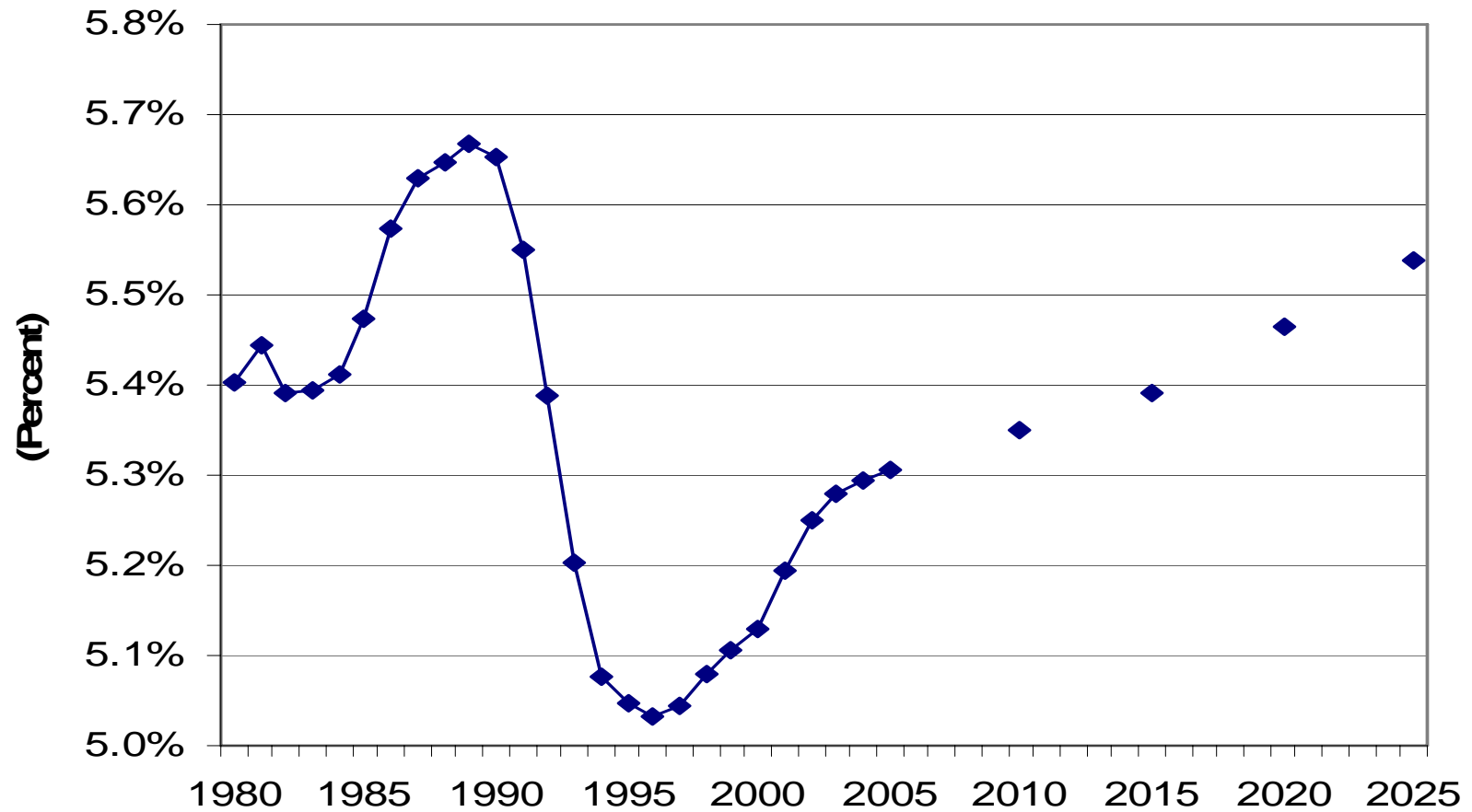
# Overview of the Forecast Story

- The SCAG region economy is projected to outpace the nation in job growth
- The regional economic base has several strong sectors which must be successful to meet the job and income growth forecasts
- Aging baby boomers will be replaced by immigrants and their children in the region's labor force and housing markets

# Overview of Policy Implications

- Policies that support job and income growth include infrastructure, workforce, housing and quality of life
- These policies must complement SCAG's policies about mobility, social justice, urban form and air quality
- Housing policies support economic growth as well as other policy objectives

# SCAG Region Share of U.S. Jobs



# The Region's Economic Base

- Includes sectors that primarily serve markets outside the region
- Economic base growth determines the overall job growth rate. Regions compete for basic industries.
- The largest regional sectors are professional services, diversified manufacturing, wholesale trade and transportation and tourism and entertainment

# Economic Base Jobs in 2005

• Prof., Bus., Info Services	840,000
• Diversified Manufacturing	610,000
• Wholesale Trade & Transportation	600,000
• Tourism & Entertainment	340,000
• Fed, State Government	225,000
• High Tech Manufacturing	190,000
• Resource Based	75,000



# Growth in SCAG Economic Base

- Most basic job growth will come from professional, business and info services
- Wholesale trade and transportation ranks 2<sup>nd</sup> followed by tourism & entertainment
- Manufacturing jobs are projected to decline but remain important
- Some opportunities in high tech and green tech

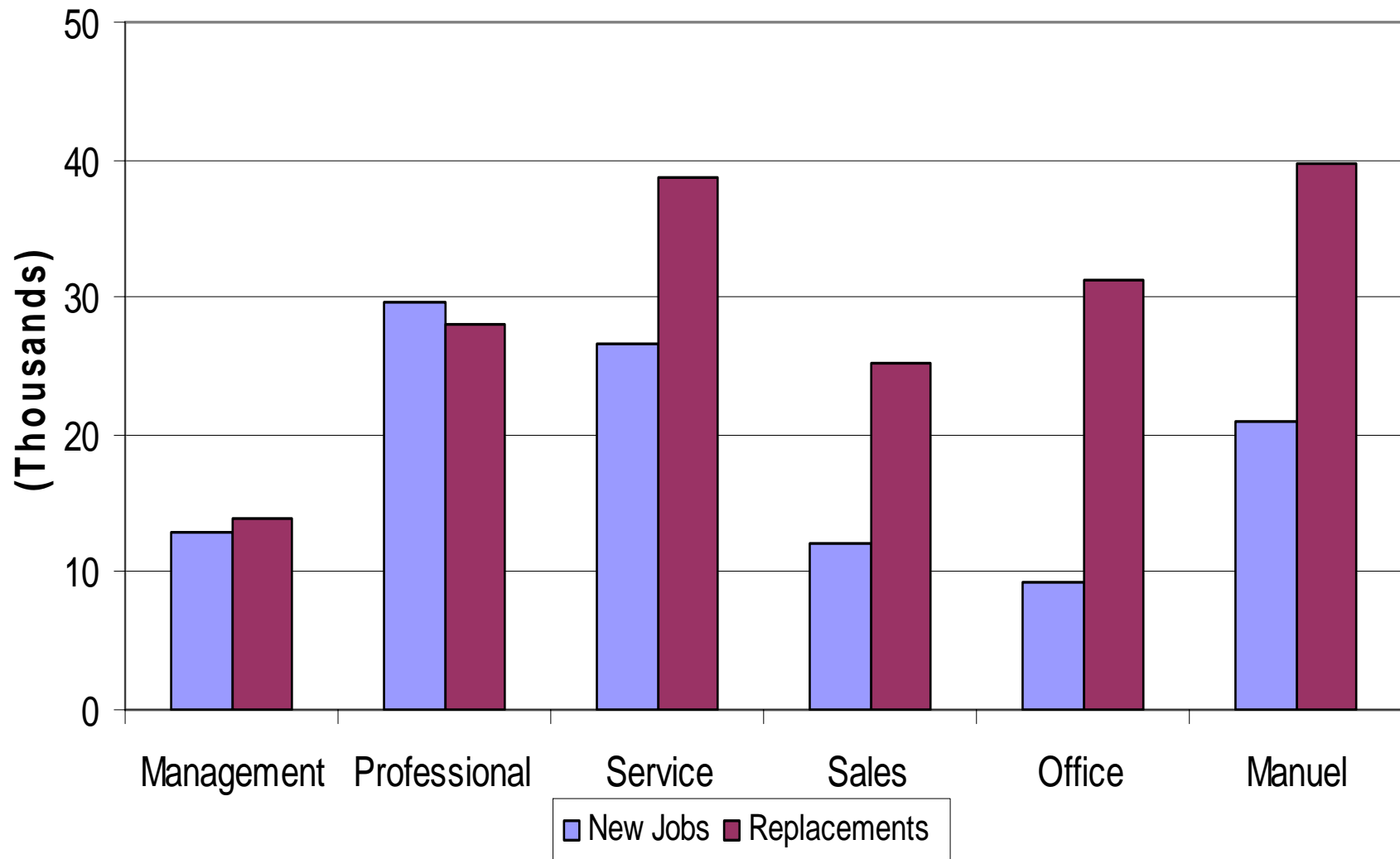
# Population Serving Jobs

- 5 million of the region's 8 million jobs primarily serve the local population—in construction, retail trade, local government, health care and other local services
- The economic base is important for creating prosperity in the region.
- But population serving jobs provide a foundation for quality of life and economic competitiveness AND provide a majority of the region's job opportunities

# Look at Replacements as Well as Job Growth in Assessing Regional Job Needs and Opportunities

- Most job openings come from replacements. For every new job, there are 1.6 job openings from replacements.
- Many well paying jobs of the future will require some post secondary training but not a four year degree
- These opportunities are found in goods movement AND many other sectors

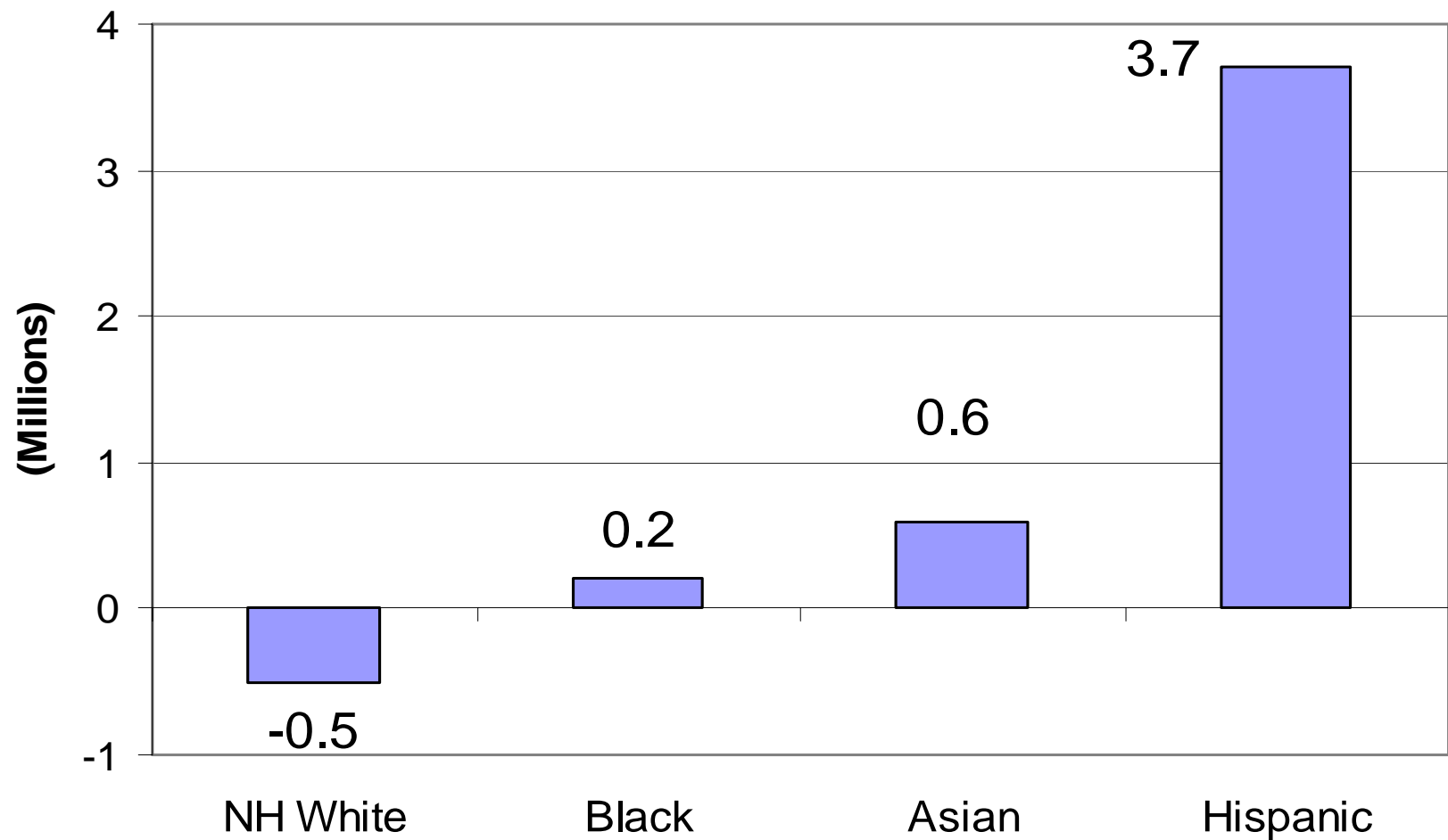
# Annual Job Openings 2004-2014



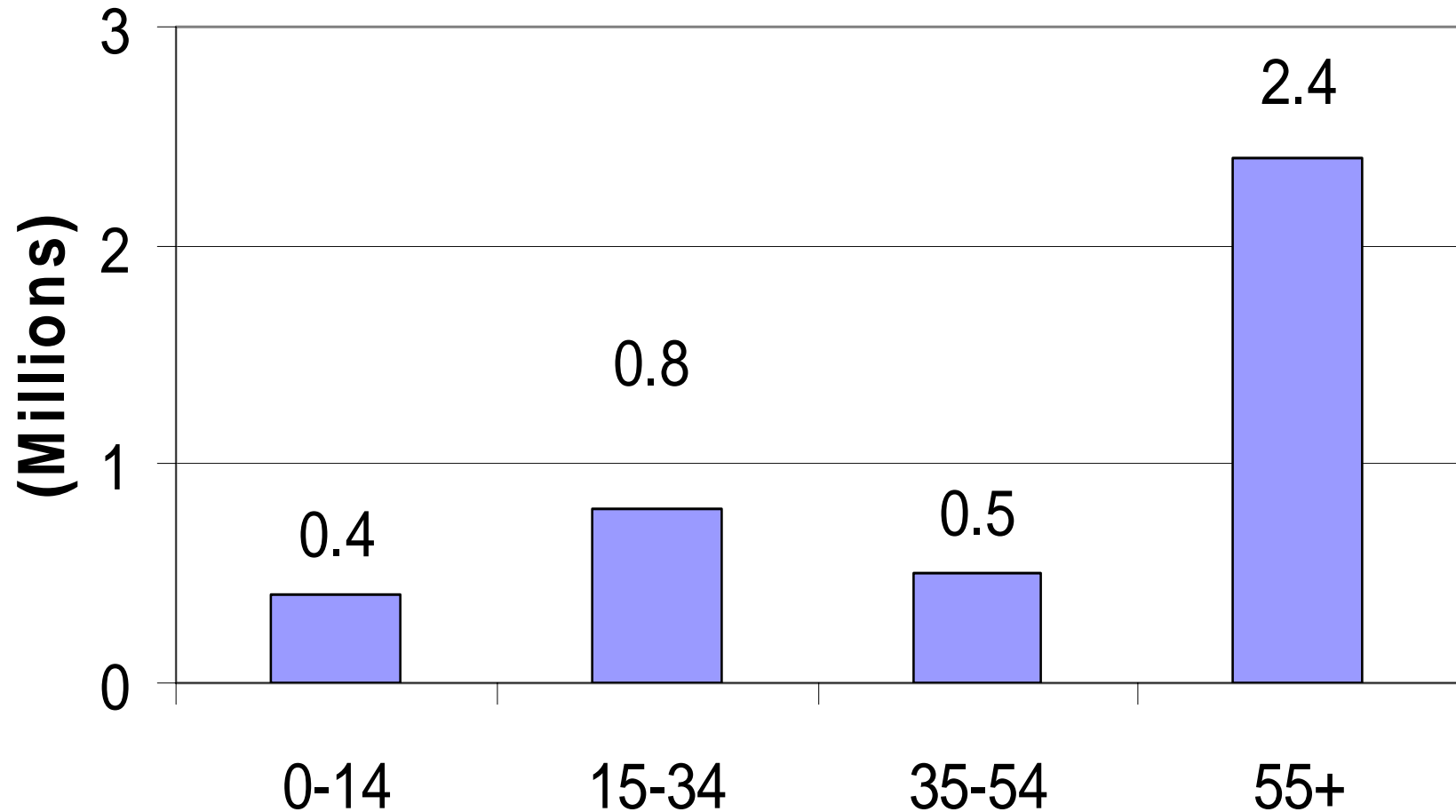
# Aging Boomers Replaced by Immigrants and Their Children in the Region's Population and Workforce

- Growth concentrated in Hispanic population
- Growth concentrated in 15-34 and 55+ ages
- Immigrants and their children and grandchildren replace boomers in the 35-54 age groups
- These trends will transform the region's labor and housing markets

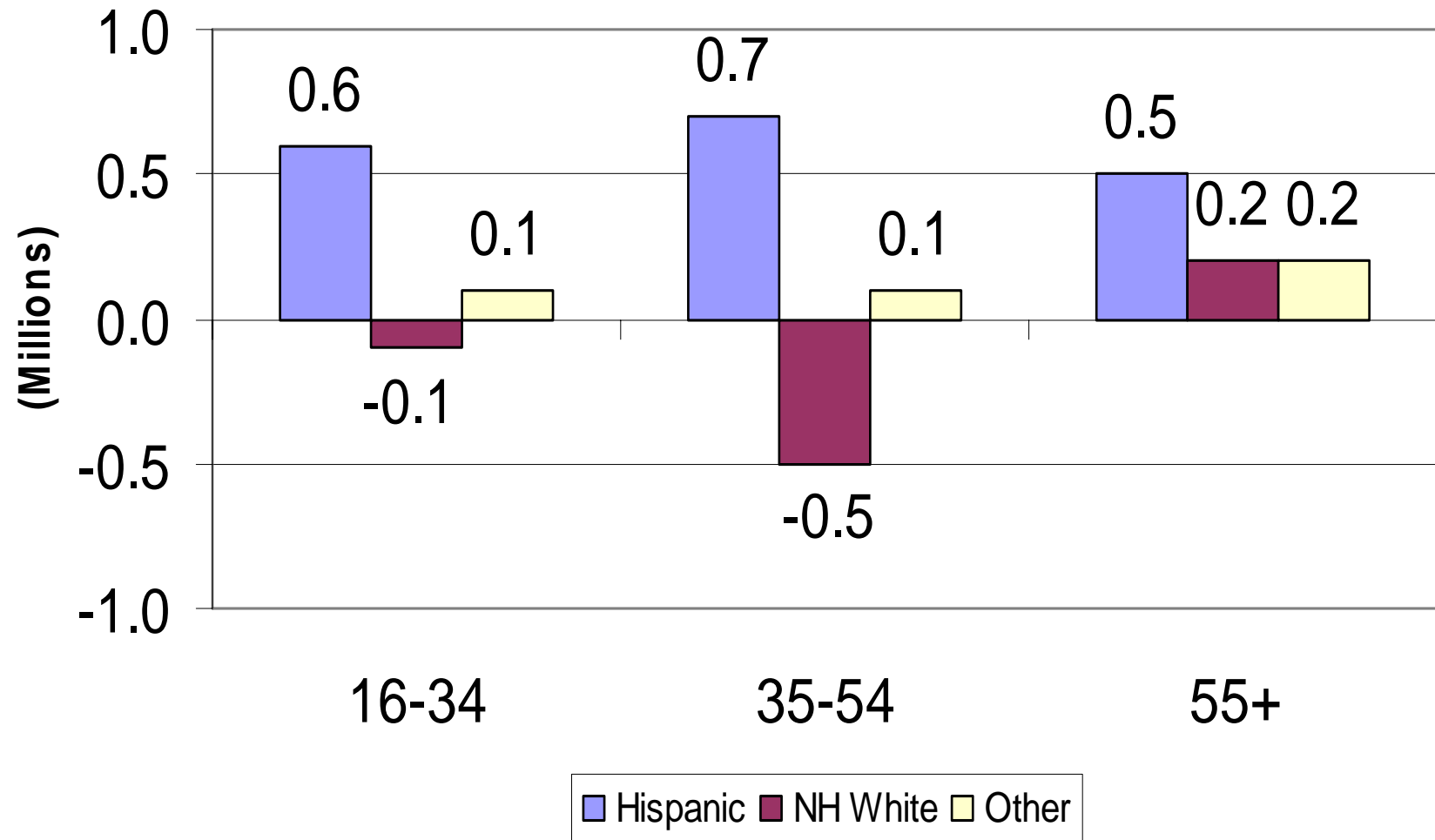
# Change in SCAG Region Population 2005-2025



# Change in Population by Age Group 2005-2025

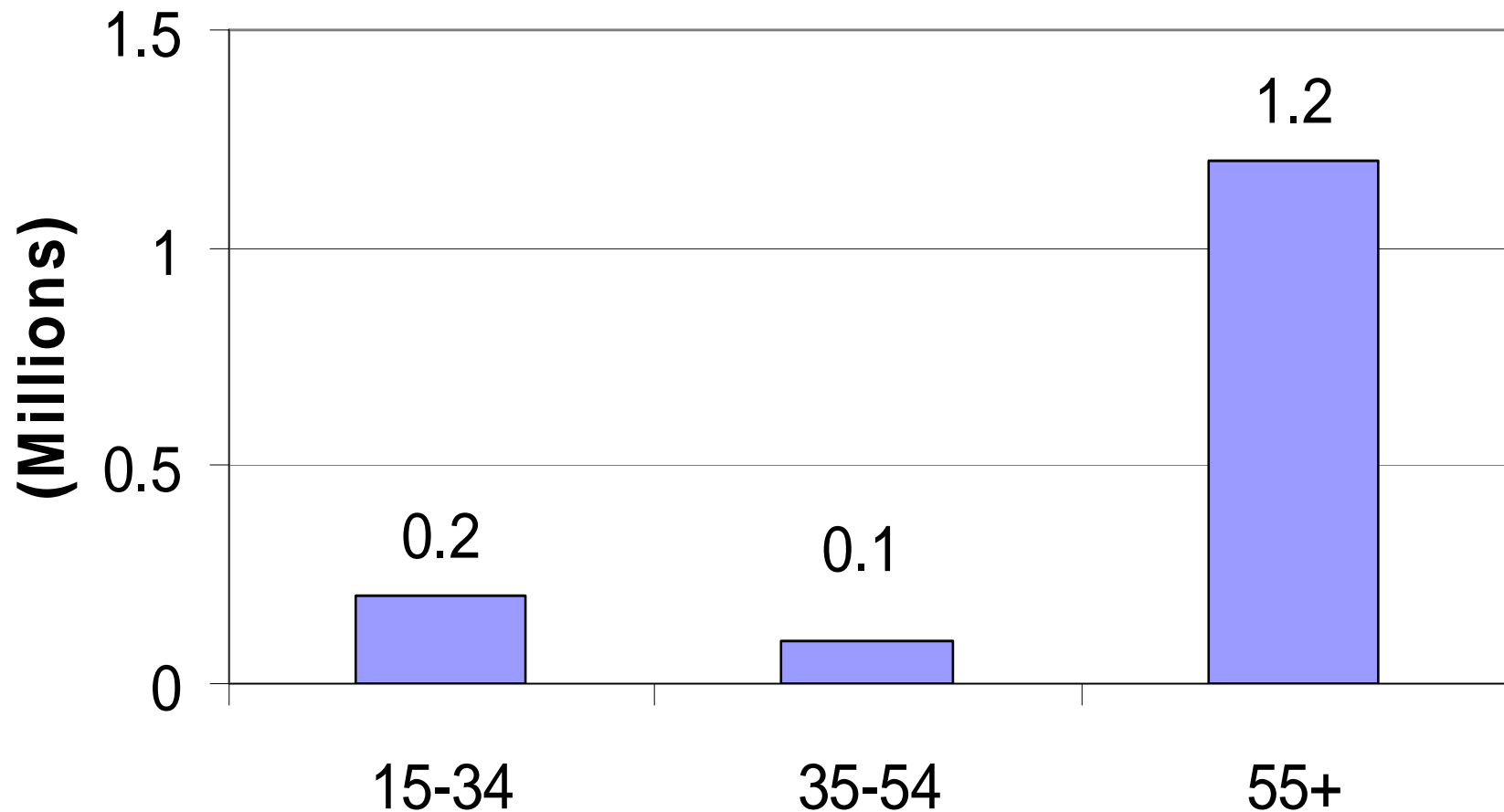


# Change in Labor Force by Age and Ethnic Group 2005-2025

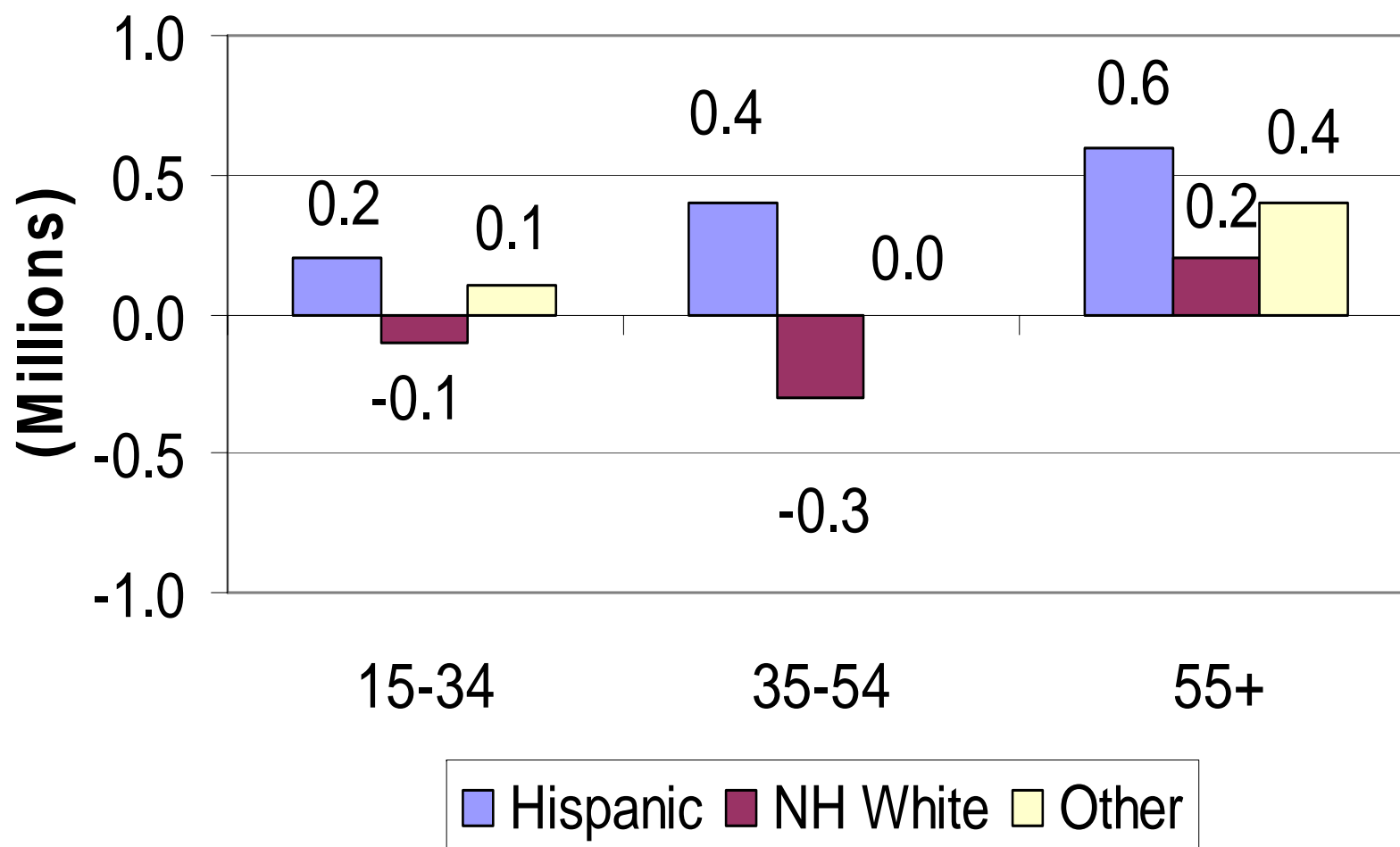




# Change in SCAG Region Households by Age 2005-2025



# Change in Households by Age and Ethnic Group 2005-2025



# Major Stories in These Forecasts

- Housing market demand shifts as HH growth shifts from 35-54 to 55+ age groups. What do these shifts mean for housing and transportation policies?
- Large labor force shifts as aging (mainly Anglo) boomers are replaced by immigrants and their children (mostly Latino & Asian). Implications for education and training?

# The Bottom Line

A good economic base

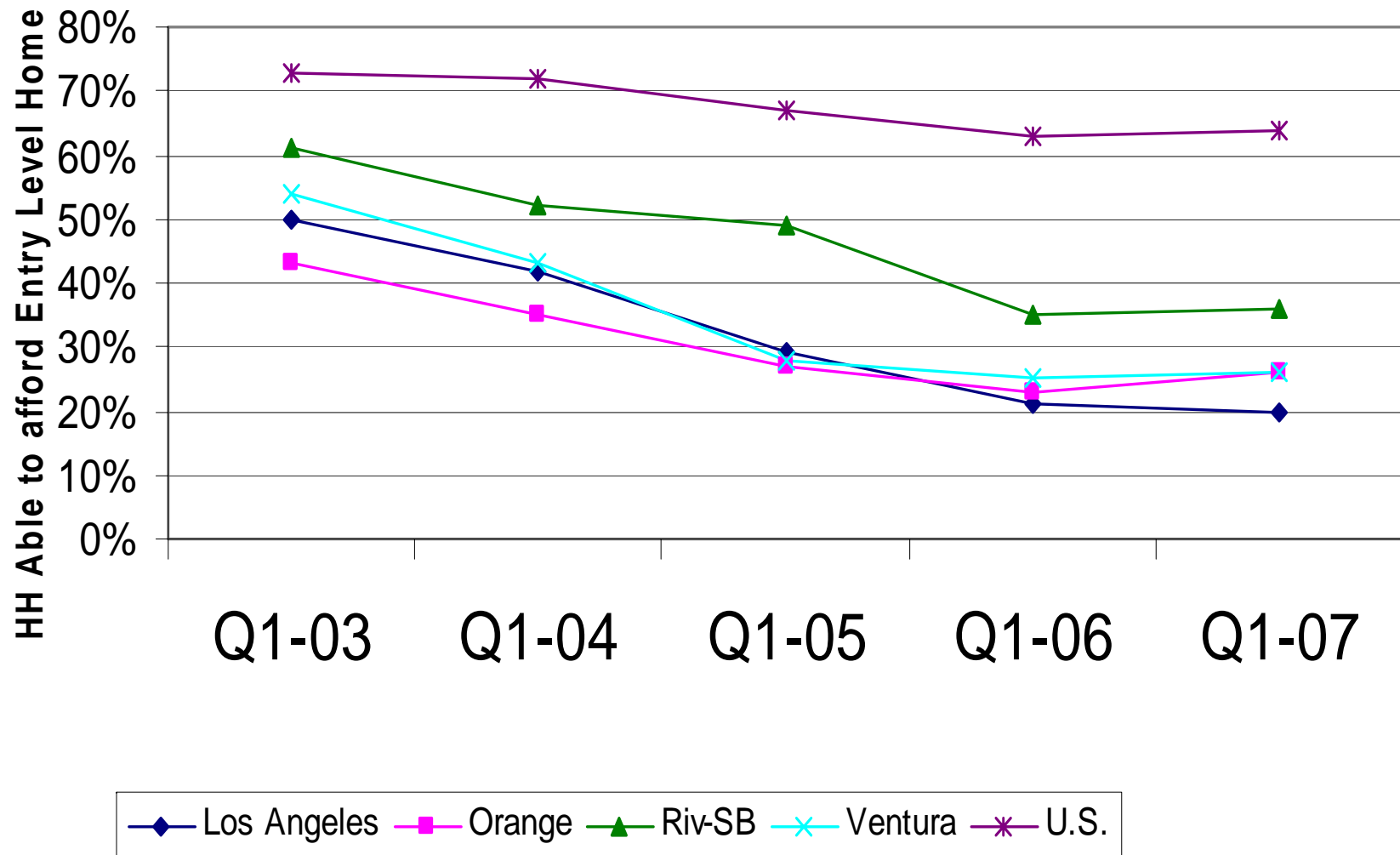
AND

lots of challenges and change  
ahead

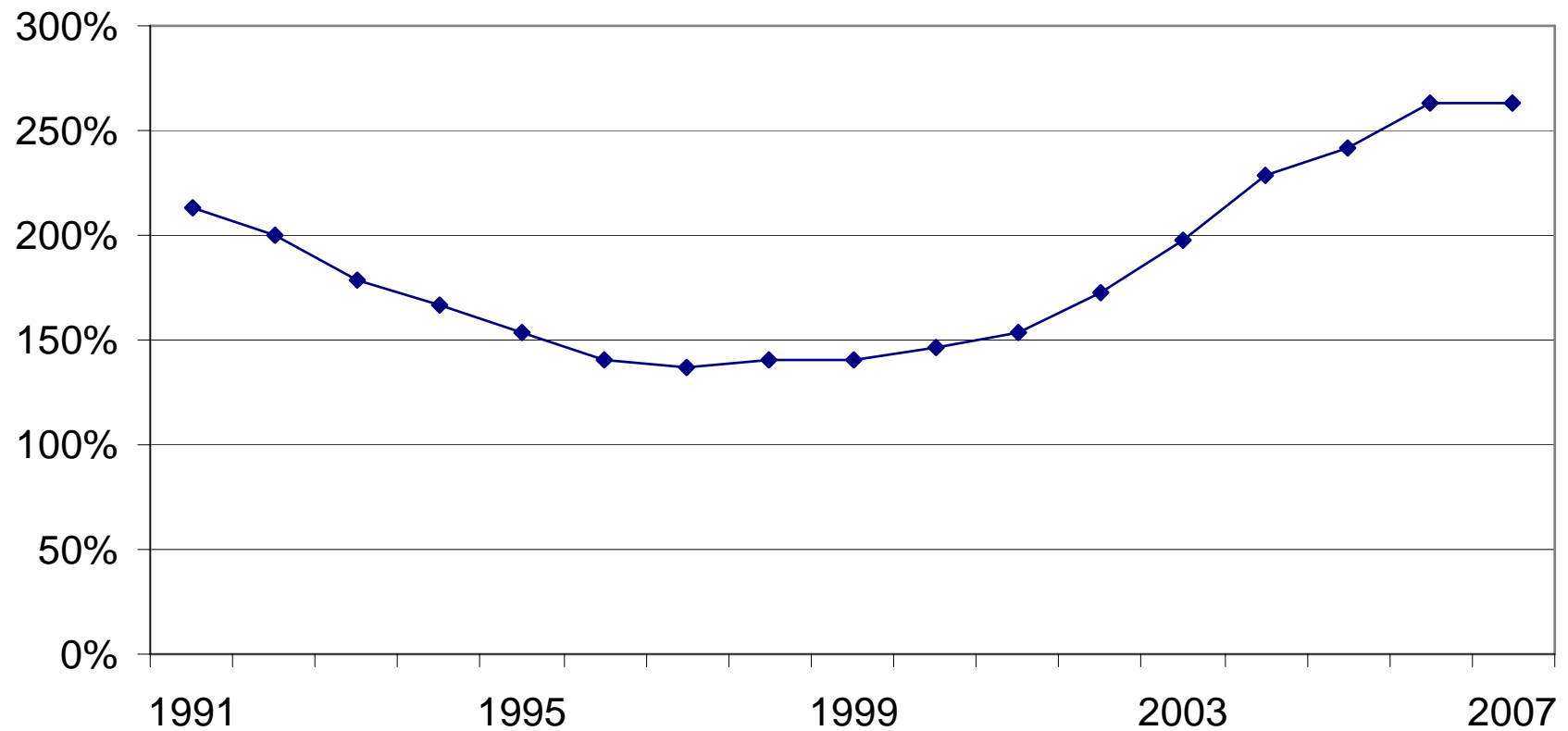
# Short Term Housing Trends— Implications for the Future

- Drop in affordability relative to income and other regions
- Flattening or declining home prices
- Sharp drop in sales and new building
- A slowing in regional growth
- Will housing affordability and supply challenges hurt the FUTURE economy?
- A role for Compass and the RTP??

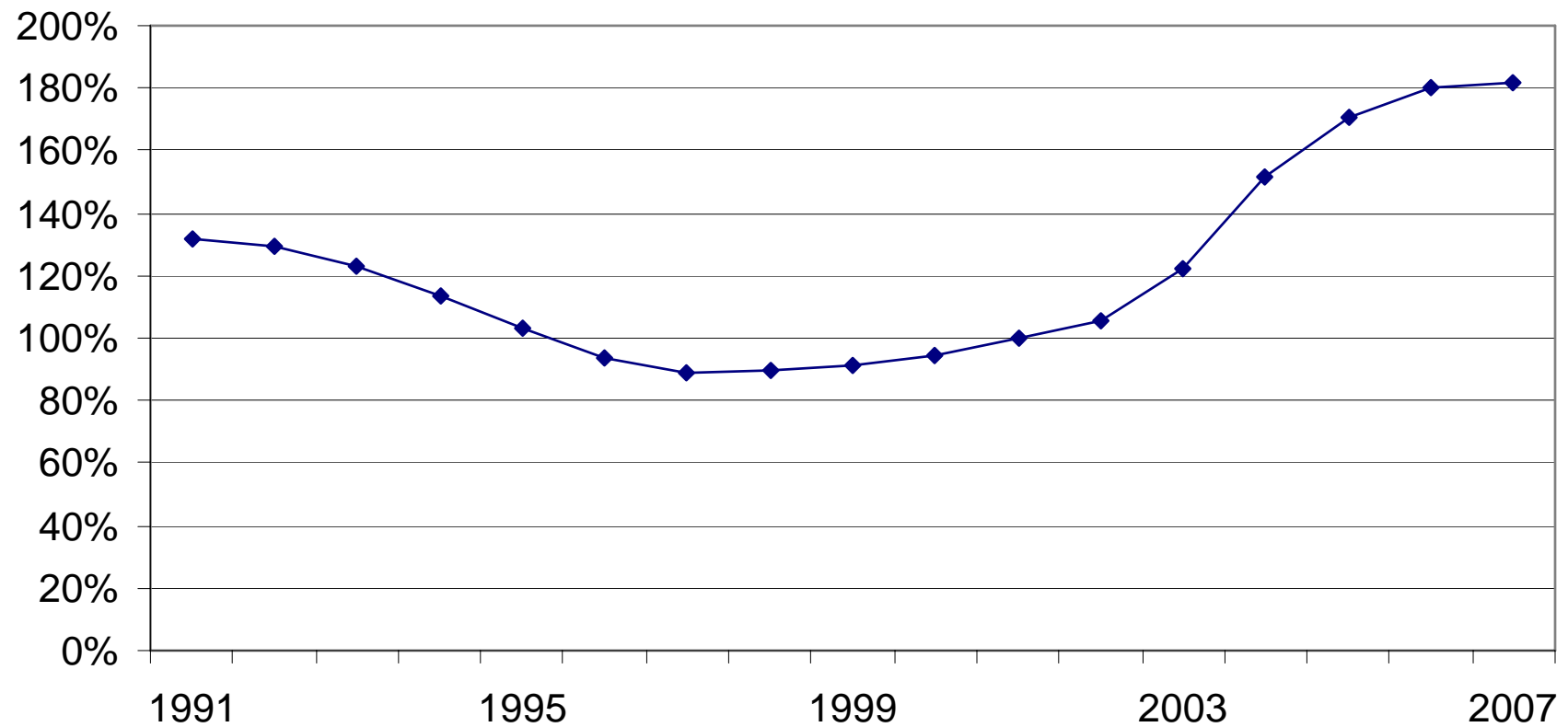
# Affordability for Entry Level Homes



# Median Resale Housing Prices Los Angeles County as % of U.S.



# Median resale Housing Prices Riverside-SB as % of U.S.

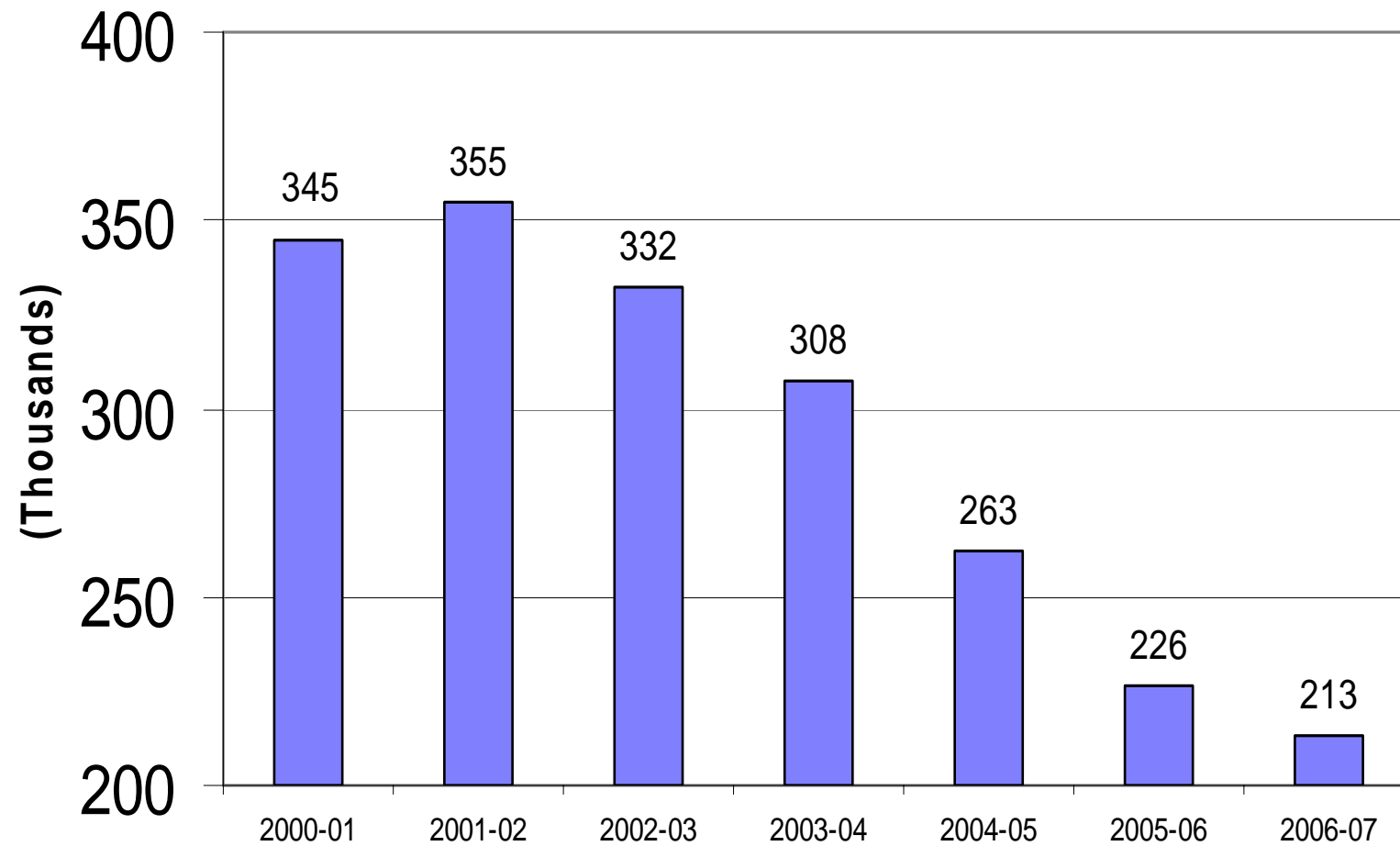




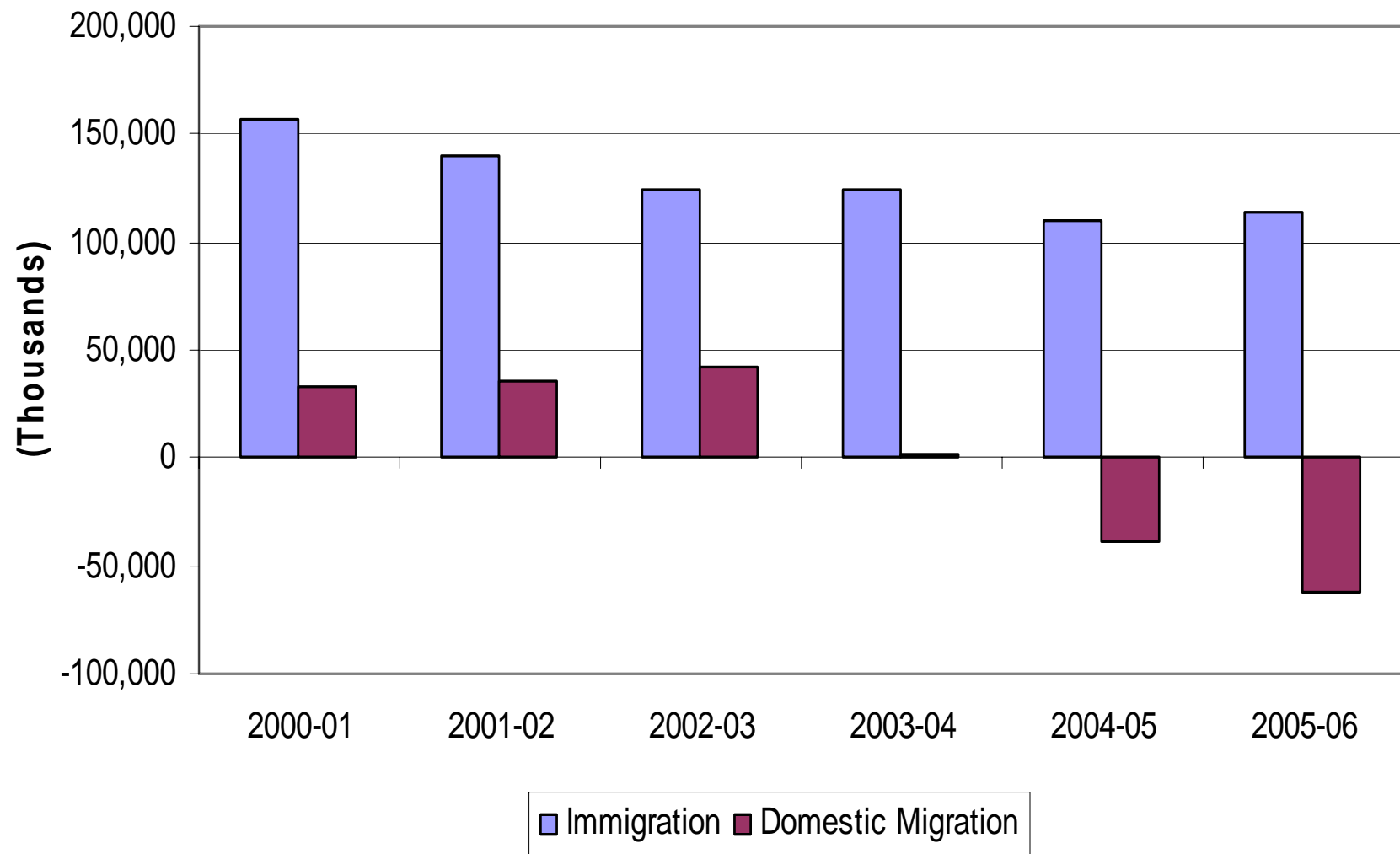
# Population Growth and Migration

The trends may be changing. Can the region grow with current housing supply and affordability?

# Population Growth in the Region



# Immigration and Migration to the Region



# The Region Faces Big Challenges on the Road to Economic Growth

- Aggressive policies will need to be successfully implemented
- Priority policy areas include
  - Infrastructure
  - Education and workforce training
  - Housing
- All of these policies must support meeting regional air quality and social equity goals

Compass, RTP and other policies are needed to support the economy as well as supporting regional mobility and air quality goals. What is the SCAG role in promoting broad-based prosperity?